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SUBJECT: GOVERNMENT COALITIONS BEGIN TO FORM AFTER BELGIAN REGIONAL ELECTIONS

¶1. (SBU) Summary: Following the June 7 regional elections, Belgium's political parties have been conducting talks on forming regional government coalitions. In Francophone Belgium, formal negotiations have started on a Socialist (PS)-Christian Democrat (CDH)-Green (Ecolo) coalition. In Flanders, Christian Democrats (CD&V), Socialists (SP.A) and Flemish Nationalists (N-VA) are seeking to reach a government agreement. The Liberals (MR and Open VLD) north and south of the linguistic border face the prospect of being relegated to the opposition benches, which could negatively impact federal government cohesion. The presence of Ecolo in the Brussels and Wallonia governments and Flemish Socialists in Flanders could make it harder for arms exporters to obtain licenses and intensify the debate over phasing out nuclear power in Belgium. End Summary.

Reynders' Lost Gamble

¶2. (SBU) Having failed to out-poll the Parti Socialiste (PS) in the Wallonia regional election, the francophone liberals Mouvement Reformateur (MR) of Vice Premier Didier Reynders knew on election day that it had no real prospect of returning to the regional government. The discussions in francophone Belgium took an unexpected turn when the smaller parties, the Greens (Ecolo) and the Christian Democrats (Centre Democratique Humaniste (CDH)), started preliminary talks among themselves, rather than following tradition and leaving the initiative to the largest political party, the Socialists (PS). Within one week Ecolo and CDH had decided to enter into coalition negotiations with the Socialists, a decision which applied to the francophone seats of the Brussels region as well.

¶3. (SBU) One prominent Socialist politician told Poloff that the PS felt like an unwanted guest at the table with Ecolo and CDH, as minor scandals continue to dog the party. Thus the issue of "governance" (code for rules controlling corruption) is first on the list of legislative initiatives the potential coalition partners are discussing. Ecolo wants to limit the ability of politicians to hold more than one post, e.g., mayor and parliamentarian, at the same time. Another Ecolo objective is to insert "green" initiatives into the PS-CDH "Marshall Plan" for Wallonia's economic development. Budget issues are prominent in the discussions as well. According to the Socialist leader Poloff met, there is no money to buy acquiescence in one or another policy that might otherwise be unacceptable to a partner.

Di Rupo Consolidates Position

¶4. (SBU) Having warded off the MR's attack on his party's leadership position in francophone Belgium, PS President Elio Di Rupo is today the premier politician of francophone Belgium. Once the parliament is sworn in on June 24, his party will have ministers in the federal, Walloon, Brussels, francophone Community and German-language community governments. This is certainly not a bad

result for a party which had been wracked by scandals and received a reduced 32 percent of the Walloon vote and 23 percent of the Brussels vote compared to 2004. The outcome of negotiations is a serious setback for Vice Premier and MR President Didier Reynders. Many of his MR colleagues resent the way he handled himself in the campaign, when he went negative and made very disparaging remarks about the Socialist leaders. Reynders has in his most recent interviews stated that he will seek to remain party president until 2012. This means that he intends to lead the campaign for the 2011 general election and local elections the following year. Nevertheless, outgoing EU Commissioner Louis Michel and his son Charles, the federal Minister for Cooperation and Development, are waiting in the wings, ready to take control of the party if Reynders makes more mistakes.

¶ 15. (SBU) Since the Brussels government is composed of Flemish ministers as well as francophone, the liberal Open VLD, the largest Flemish party in Brussels, was entitled to take the initiative on the Flemish side. Outgoing Open VLD minister Guy Vanhengel immediately clinched a deal with the local Flemish Christian Democrats (CD&V) and Greens (Groen). This agreement greatly angered the Brussels Flemish Socialists (SP.A) who argued that Groen had committed treason by siding with the "conservative" Open VLD.

Verhofstadt not Welcome

¶ 16. (SBU) Although the election result in Flanders was an immense disappointment for the Open VLD, the party expected the CD&V, the largest party in Flanders, to opt for the traditional tripartite regional coalition of Christian Democrats, Socialists and Liberals. But the CD&V could hardly ignore its former ally, the nationalist N-VA, which had become a small sensation by winning 13 percent of the vote. A grand coalition of CD&V, Open VLD and SP.A with the N-VA was envisaged by some. However, the N-VA made it understood

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that it had no intention of becoming the "not strictly needed" fourth coalition partner, running the risk of being evicted from the coalition at the whim of the other parties. The SP.A felt the same way about a four-party coalition. Aware that the tide was turning against his party, former Prime Minister Guy Verhofstadt (Open VLD) made far-reaching concessions to outgoing Flemish Minister-President Kris Peeters (CD&V), who has the lead in forming the next Flemish government, but to no avail. On June 19, Peeters called Verhofstadt and informed him that as far as the Open VLD was concerned, it was game over and the Open VLD was out.

Sweet Revenge

¶ 17. (SBU) Losing the election and being evicted from the Flemish regional government formation talks came as a shock to the Open VLD. In 2007-08, the Open VLD opposed an overall institutional deal on Flemish autonomy and thereby caused the rift between then electoral partners CD&V and N-VA. For N-VA leader Bart De Wever this is his moment of sweet revenge. It also is a setback for former Prime Minister Guy Verhofstadt who was seeking to make his comeback on the domestic political scene through "winning" the coalition negotiations. In the days two weeks after the June 7 election, and before he offered concessions last weekend, Verhofstadt's statements in the press had the tone of an indispensable king-maker. The election loss suffered by his party is also weakening the position of Vice Premier and Foreign Minister Karel De Gucht inside the federal government. There is a growing consensus among Open VLD activists that a new generation will soon have to take the helm of the party.

Prime Minister's Wish Unfulfilled

¶ 18. (SBU) Prime Minister Herman Van Rompuy said before June 7 that similar federal and regional coalitions would be ideal for dealing with the budgetary and economic crisis Belgium is facing. He would have preferred coalitions of Socialists, Christian Democrats and Liberals, reflecting the make-up of the federal coalition. Although the regional coalitions will center on Christian Democrats and

Socialists, the prospect of the Liberals riding the opposition benches north and south of the linguistic border worries the Prime Minister. Despite their recent setbacks, Open VLD and MR leaders have pledged their continued support for the federal government. However, their recent statements suggest that liberal ministers in the federal government will be less flexible on budgetary restraint, oppose any attempt to raise new taxes, and insist that spending cuts come from regional rather than federal budgets.

Changes in Policy

¶ 9. (SBU) Now that the elections are over, the regional governments will have to return to the complex institutional discussions on redistributing powers between the regions and the federal government. The trend is to return the negotiating to regional leaders rather than the so-called "wise men" from each linguistic community who had been asked by the King to lead discussions. The N-VA resurgence will tend to stiffen the spine and lessen the patience of Flemish politicians. Regional governments have limited authority in the international area, but the presence of Ecolo in the Brussels and Walloon regional governments and of the N-VA and the Socialists in the Flemish regional governments may well result in a somewhat different approach to some issues. For example, the regional governments could become more restrictive in granting licenses for arms exports, which is within their competency. On another point, Belgium will soon have to decide whether to phase out nuclear power in 2015 as already mandated, or modify that policy. Many militant greens will be adamantly against any change, even if their leaders are more pragmatic.

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